

Before The
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In Matter of)
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Reciprocal Compensation for CMRS)
Providers)
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WT Docket No. 97-207

CC Docket Nos. 96-98, 95-185

To: The Commission

REPLY COMMENTS OF ALPINE PCS, INC.

Alpine PCS, Inc. ("Alpine"), by its attorneys and pursuant to the Public Notice released on May 11, 2000 (DA 00-1050), submits these reply comments in the above-captioned proceeding. Alpine and its affiliate presently hold 13 broadband PCS C, E and F block licenses in California, Massachusetts and Michigan.

I. ADDITIONAL CLARIFICATION BY THE FCC ABOUT CMRS COSTS WILL PROMOTE COMPETITION.

Alpine supports the Comments filed by the Rural Telecommunications Group ("RTG").¹ Specifically, Alpine concurs with RTG that clarification from the Commission that CMRS providers are entitled to recover the costs of all traffic-sensitive network elements through reciprocal compensation is a necessity.² As RTG points out, the traffic-sensitive costs of transporting and terminating traffic on a wireless network may be asymmetrical to – and greater

¹ See Comments of Rural Telecommunications Group ("RTG Comments"). Alpine notes that it supports Sprint's proposal only to the extent that any action taken by the Commission does not affect existing roaming arrangements, which are contractual in nature and entirely distinct from reciprocal compensation.

² *Id.* at 2.

than -- the traffic-sensitive costs of transporting and terminating traffic on the wireline network. The recovery of all costs, whether symmetrical or asymmetrical, promotes competition in the telecommunications services market.³ As numerous commenters in this proceeding have explained, the Telecommunications Act of 1996, the Local Competition Order and the Commission's Rules all address how carriers may charge asymmetrical transport and termination rates, when such rates are supported by forward-looking economic cost studies.⁴ Unless all such costs of transporting and terminating traffic are included in cost-recovery methods, investment in and development of wireless networks will be compromised.

II. CLARITY AND CERTAINTY CONCERNING RECOVERABLE COSTS WILL BENEFIT CMRS CARRIERS, STATE COMMISSIONS AND THE PUBLIC.

Confirmation of the application of reciprocal compensation rules to CMRS carriers, and clarification about what constitutes "traffic-sensitive" costs, would benefit the CMRS industry. First, it would provide certainty in the industry, and for investors, about what costs can be recovered. Second, it would be instructive for developing cost studies that must be prepared to justify asymmetrical rates. Finally, it would assist state commissions, which, as Sprint PCS points out, have had some obvious difficulties in applying the requirements of the 1996 Act and the Commission's rules to CMRS carriers.⁵ Bell South's Comments stated arrogantly that "[t]he state commissions need no 'guidance' to properly apply the Commission's rules."⁶ Like the

³ *Id.*

⁴ See *First Local Competition Order*, 11 FCC Rcd 15499, 16042 ¶ 1089 (1996), *aff'd in part, vacated in part on other grounds*, *Iowa Utilities Board v. FCC*, 120 F.3d 753 (8th Cir. 1997), *vacated in part on other grounds*, *AT&T Corp. v. Iowa Utilities Board*, 119 S. Ct. 721 (1999) ("Local Competition Order"). See also 47 C.F.R. § 51.711(b).

⁵ Sprint PCS Legal Memorandum, "A Legal Framework for CMRS Call Termination Cost-Based Compensation" ("Sprint Legal Memorandum") (Feb. 2, 2000) at 8-11.

⁶ See Comments of BellSouth at 5.

Personal Communications Industry Association (“PCIA”), Alpine believes that “the pro-consumer benefits of interstate competition cannot be fully achieved if wireless carriers are subject to a patchwork of inconsistent state regulatory rulings with regard to terminating compensation that inhibit the establishment of systemwide, regionwide and nationwide pricing plans.”⁷

Multi-state pricing plans are becoming much more common for CMRS carriers, including PCS providers. As PCIA stated, wireless service operators operate largely without regard to state boundaries.⁸ In a recent FCC order, the Commission noted that 82 percent of MTA-based PCS license areas and 23 percent of the BTA-based PCS license areas are interstate.⁹ As PCIA illustrated, there are significant operations of CMRS systems across state boundaries even by smaller carriers who operate more localized systems.¹⁰ Alpine, for example, operates in three different states.¹¹ VoiceStream described its experience with ILECs that have refused to offer previously arbitrated tandem, symmetrical rates in a multi-state interconnection agreement.¹² This ILEC foot-dragging leads to pointless arbitrations before state commissions, which drives up the cost of doing business for CMRS providers. It also delays—and may dissuade—new CMRS providers from entering the marketplace. Clear FCC guidance could short-circuit such resistance to multi-state agreements.

⁷ See Comments of Personal Communications Industry Association at 9.

⁸ *Id.* at 8.

⁹ *Id.*

¹⁰ *Id.*

¹¹ These states are Michigan, Massachusetts and California.

¹² See Comments of VoiceStream Wireless Corporation at 3.

CMRS providers need more guidance about which elements should be included in a cost model for a wireless network. Specifically, CMRS providers need the Commission's assistance in analyzing and identifying the portions of the wireless network used in transporting and terminating traffic that are properly viewed as traffic sensitive and that thus represent additional costs for which CMRS carriers may seek compensation. Therefore, Alpine supports RTG's suggestion that the Commission open a proceeding to identify the wireless network elements that represent additional costs of transporting and terminating traffic and thus are subject to cost recovery as well as to formulate a costing model for such additional costs.¹³

An FCC-approved or devised cost model would assist state commissions in reviewing cost studies when they consider requests by CMRS providers for asymmetrical compensation. As Cellular XL Associates, L.P., point out, state commissions "may be ill-equipped to address the distinct issues relating to CMRS carriers' networks because they historically have not regulated and monitored those networks as they have those of the LECs."¹⁴ In its Request, Sprint PCS explained that "relatively few state commissions have been asked to date to address the question of what additional costs CMRS providers may recover in reciprocal compensation. Nevertheless, each of the state commissions has had some difficulty in applying the FCC's rules—a situation that the FCC could rectify by providing the same type of guidance for CMRS networks that it has provided for wireline networks."¹⁵ However, Alpine concurs with Western Wireless that, where a CMRS provider does not elect to produce its own forward-looking cost

¹³ See RTG Comments at 4.

¹⁴ See Comments of Cellular XL Associates, L.P. at 2.

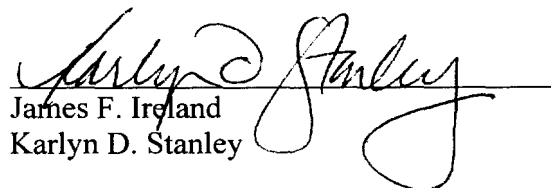
¹⁵ See Sprint Legal Memorandum at 8.

study, it should be able to obtain "symmetric" reciprocal compensation rates under Section 51.711(a) of the Commission's rules.

III. CONCLUSION

In summary, Alpine encourages the Commission to confirm and clarify that CMRS providers are entitled to seek compensation for the costs of all traffic-sensitive elements of the wireless network used for transporting and terminating telecommunications traffic. To this end, Alpine supports RTG's suggestion that the Commission open a proceeding to identify the network elements that represent additional costs of transporting and terminating traffic and thus are subject to cost recovery, as well as to devise a costing model for such additional costs. Finally, Alpine requests the Commission to issue an order reaffirming that the Commission's existing reciprocal compensation regulations apply with full force and effect to CMRS carriers. Reciprocal compensation based on all of the costs incurred by CMRS providers in terminating the traffic of other carriers will serve the public interest by improving competition between mobile providers and fixed service providers.

Respectfully submitted,


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Date: June 13, 2000

CERTIFICATE OF SERVICE

I, Kathleen G. Maynard, hereby certify that a true and correct copy of the foregoing Reply Comments of Alpine PCS, Inc. was sent via hand delivery (*) or first class mail, postage prepaid, to the following parties on the 13th day of June, 2000.

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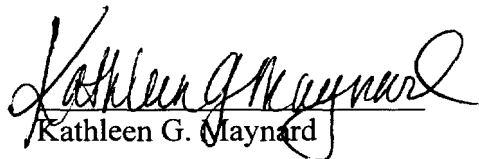
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